



STRATEGIC ECONOMIC PLAN FOR NEW HAMPSHIRE

Prepared by the

BUSINESS & INDUSTRY ASSOCIATION
OF NEW HAMPSHIRE



www.BIAofNH.com/strategic

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Business and Industry Association of New Hampshire
122 North Main Street Concord, NH 03301
Ph: 603.224.5388 | Fax 603.224.2872

Web: www.BIAofNH.com

Facebook: BIAofNH

Twitter: @BIAofNH

LinkedIN: Business and Industry Association of New Hampshire

Google +: Business and Industry Association of New Hampshire

YouTube: BIAofNH

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EXECUTIVE SUMMARY

BACKGROUND

By most measures, New Hampshire is a good place for business and a good place to live. Its economy often outperforms the rest of New England and Northeastern United States. The business climate is, perhaps, the best in the Northeast United States and the quality of life is superior.

However, for the last several years, business leaders have expressed growing unease about the direction of the state. They are concerned that, economically, the good things we enjoy in New Hampshire today seem to happen

by chance rather than through thoughtful, intentional decision making. Business leaders believe that, absent a well-thought-out, strategic economic plan, New Hampshire's economic assets are threatened and its vulnerabilities are further exposed.



New Hampshire Center for Public Policy Studies (NHCPPS) research supports this sense of unease. In its report, "From Tailwind to Headwind: New Hampshire's Shifting Economic Trends," the NHCPPS noted that New Hampshire's strong economy of recent decades was built upon a highly educated workforce, high rates of highly educated workers moving to the state, high median per-capita income, increased productivity and a resilient economy.

However, throughout the last decade, the in-migration that was an important part of the state's workforce and economic resilience has slowed. In more recent years, in-migration has become out migration. In addition, productivity is falling and the state's population is aging. These patterns are expressed in the slowest rate of growth in gross state product (GSP) over the last decade than at any time in the last 40 years.

In response, the Business and Industry Association of New Hampshire's (BIA) board of directors agreed on the need for a statewide strategic economic plan. Because no other entity had stepped forward to undertake this work, the board concluded the association itself would lead development of such a plan. The BIA developed this strategic economic plan for the benefit of New Hampshire.

A VISION FOR NEW HAMPSHIRE

To ensure New Hampshire provides meaningful advantages for businesses through a vibrant, sustainable economy and the nation's best environment in which our residents can prosper.

NINE STRATEGIC GOALS

Business growth, retention and attraction – New Hampshire offers the best environment for innovation and entrepreneurship in the Northeast United States, consistently growing, creating and drawing in successful businesses and the people that create and lead them.

Education, workforce skills and labor pool – New Hampshire possesses a high-quality, cost-effective, lifelong educational system that provides access and affords all residents the same educational opportunities to create a robust, innovative, flexible and productive workforce.

Energy – New Hampshire businesses have access to reliable, high-quality, low-cost, diverse energy sources.

Fiscal policy – New Hampshire encourages business growth and retention by maintaining a state tax structure that is simple and equitable and by efficiently operating state and local governments.

Health care – All New Hampshire residents are among the healthiest in the nation and have lifelong access to a high-quality, affordable, integrated and preventive health and community support system.

Infrastructure – Safe, reliable multi-modal transportation; high bandwidth, high-speed communication; and improved water supply, wastewater and storm water systems able to meet the needs of businesses and residents throughout New Hampshire.

Natural, cultural and historic resources – New Hampshire values, stewards and enhances its natural, cultural and historic resources, making them available for current and long-term public benefit to foster vibrant communities, engaged citizens and economic vitality.

Regulatory environment – New Hampshire's regulations are clear, appropriate and consistently applied, providing the state's businesses with objective, predictable and consistent outcomes while protecting the state's natural resources, workers and residents.

Workforce housing – New Hampshire's workforce has access to diverse, attractive housing options that are affordable to the full range of incomes for working men and women throughout the state.

TACTICS TO SUPPORT THE GOALS

A comprehensive process involving 27 stakeholder group meetings with nearly 200 people inside and outside of BIA's membership, a BIA-member survey, and input from BIA staff and board of directors resulted in more than 100 recommended tactics to support the nine strategic goals. These tactics should help New Hampshire make progress toward these goals and further the vision.

AN ECONOMIC DASHBOARD TO TRACK PROGRESS OVER TIME

Developed by the New Hampshire Center for Public Policy Studies for this strategic plan, the New Hampshire Economic Dashboard uses primary, national data to compare and rank New Hampshire against neighboring states and states with which New Hampshire competes for business growth and attraction. Using the dashboard, New Hampshire can monitor its progress over time toward the nine strategic goals.

**To download a copy of the complete Strategic Economic Plan
for New Hampshire, visit BIAofNH.com/Strategic**

2.0 OVERVIEW AND CONTEXT

2.1 BACKGROUND

By most measures, New Hampshire is a good place for business and a good place to live. Its economy often outperforms the rest of New England and Northeastern United States. The business climate is, perhaps, the best in the Northeast and the quality of life is superior.

However, for the last several years, business leaders have expressed growing unease about the direction of the state. They are concerned that, economically, the good things we enjoy in New Hampshire today seem to happen by chance rather than through thoughtful, intentional decisionmaking. Business leaders believe that, absent a well-thought-out, strategic economic plan, New Hampshire's economic assets are threatened and its vulnerabilities are further exposed.

New Hampshire Center for Public Policy Studies (NHCPPS) research supports this sense of unease. In its report, "From Tailwind to Headwind: New Hampshire's Shifting Economic Trends,"¹ the NHCPPS noted that New Hampshire's strong economy of recent decades was built upon a highly educated workforce, high rates of highly educated workers moving to the state, high median per-capita income, increased productivity and a resilient economy.

However, throughout the last decade, the in-migration that was an important part of the state's workforce and economic resilience has slowed. In more recent years, in-migration has become out-migration. In addition, productivity is falling and the state's population is aging. These patterns are expressed in the slowest rate of growth in Gross State Product (GSP) over the last decade than at any time in the last 40 years. In fact, GSP growth is slower than in most other regions of the nation. As the NHCPPS noted, there may be some benefits to the state's slow growth in terms of lessening pressure on natural resources and less congestion; however, warning signs indicate the state can no longer rely upon the economic dynamics that have served it so well in the recent past.

In addition to these considerations, regional discrepancies within New Hampshire are a significant challenge. In areas of the state where economic activity is strong, it stays strong and builds upon itself; however, in areas where economic conditions are poor, it is a challenge to improve them. While this may be a reality, it is beyond the scope of this strategic economic plan to address issues on a regional level.

Given the NHCPPS' work on its "Tailwind to Headwind" report and the unease business leaders express about the direction of New Hampshire, BIA's board of directors agreed on the need for a statewide strategic economic plan. It also concluded that, because no other entity had stepped forward to undertake this work, the BIA itself needed to develop such a plan. Accordingly, the BIA developed this strategic economic plan for the long-term benefit of New Hampshire.

2.2 VISION AND PROCESS

In January 2013, the BIA board of directors appointed a board oversight committee to work with BIA staff and two consulting teams. The purpose was to provide direction and counsel in the BIA's efforts to develop a strategic economic plan for New Hampshire. The objectives of this plan are to preserve and strengthen sound features of New Hampshire's economy, identify weaknesses needing correction, and find opportunities to position the state to excel economically in the years ahead. To maintain clarity of purpose and focus throughout the project, the BIA developed a vision statement for the project:

¹ New Hampshire Center for Public Policy Studies (NHCPPS), "From Tailwind to Headwind: New Hampshire's Shifting Economic Trends," http://www.nhpolicy.org/reports/new_hampshire_new_reality_2012_final1.pdf, Concord, New Hampshire, September 2012.

VISION STATEMENT

To ensure New Hampshire provides meaningful advantages for businesses through a vibrant, sustainable economy and the nation's best environment in which our residents can prosper.

In pursuit of this vision, the BIA established nine stakeholder groups to consider important aspects of New Hampshire's economy and identify goals, key metrics and recommended tactics to attain the articulated vision. These stakeholder groups were:

- » Business growth, retention and attraction
- » Education, workforce skills and labor pool
- » Energy
- » Fiscal policy
- » Health care
- » Infrastructure
- » Natural, historical and cultural resources
- » Regulatory environment
- » Workforce housing

The stakeholder groups were open to anyone. Nearly 200 people inside and outside of BIA's membership participated, including business leaders, healthcare and energy providers, educators, representatives from organized labor and many others. Each stakeholder group met three times for a total of six hours. The groups relied on professional facilitation and NHCPPS research, as well as their own experience, to complete this work. The stakeholders provided significant professional wisdom and insight into each subject area, developing goals, metrics and tactics to present to the board oversight committee. The NHCPPS developed policy analysis papers for each stakeholder group, which helped guide them in their discussions. As the stakeholder group meetings were in progress, the board oversight committee met to review goals, metrics and tactics as applicable, typically at the conclusion of each series of meetings, to provide feedback and input.

At the conclusion of the stakeholder process, the BIA issued a survey to members of its five policy committees. For more than 30 years, BIA has relied on these policy committees, which are comprised of volunteers from BIA member companies, to guide its positions on public policy matters affecting the business community. Policy committee members received information regarding the economic goals relevant to their policy areas and ranked the proposed tactics in order of importance and urgency. The BIA used input from this survey to further refine the strategic economic plan. The consulting team then prepared a draft of the plan for board oversight committee and staff review and editing. During this process, BIA added tactics that reflect current, relevant BIA policies to those identified in the stakeholder sessions. The full BIA board of directors approved the final plan at its annual fall planning retreat in October 2013.

2.3 NEW HAMPSHIRE'S ECONOMIC STRENGTHS AND DESIRED BUSINESS ENVIRONMENT

To establish a useful context for the strategic economic plan, it is important to assess what is working well in the state's economy. The NHCPPS provided data regarding the types and relative sizes of business sectors in the state. To indicate economic impact, the NHCPPS used wages paid by firms of varying sizes and paid within different

economic sectors. The data indicated that the manufacturing sector and businesses with 20 to 49 employees, 100 to 249 employees and 1,000 or more employees had the greatest economic impact. The NHCPPS also provided information indicating that New Hampshire employment in advanced materials, information technology and telecommunications, and the manufacturing super cluster (recognized as “innovation” businesses) was significantly higher than the national average and in competitor states.

This information was consistent with research by the NHCPPS² [SMHT study 2011], which demonstrated that advanced manufacturing and high technology businesses are the leading drivers of New Hampshire’s economy. Jobs in this sector pay higher wages and export products from the state to other areas of the nation and the world, effectively transferring outside money into the state’s economy. For these reasons, this sector is the strongest engine of economic activity in New Hampshire. Job growth in this sector is greatest in firms with 20 to 100 employees and firms with more than 1,000 employees. These firms often grow to the point where they become an attractive acquisition prospect for out-of-state firms, which sometimes move them out of New Hampshire, or relocate to states with lower production costs.

Given this reality, New Hampshire should focus on retaining the people and capacities that foster advanced manufacturing and high technology businesses, recognizing that some of the businesses (or elements of them) may move out of state as they mature or are acquired. Thus, advanced manufacturing and high technology businesses will be a particular focus of this plan. Reflecting this focus, the business growth, retention and attraction stakeholder goal for New Hampshire states that “New Hampshire offers the best environment for innovation and entrepreneurship in the Northeast, consistently growing, creating and drawing in successful businesses and the people that create and lead them.”

A number of themes consistently emerged in the stakeholder group meetings related to New Hampshire’s desired business environment, which are described in the sections below.

2.3.1 Access to Trained Labor Pool

First and foremost, business leaders and the NHCPPS analyses identified the need for ready access to a trained labor force as one of the most critical issues affecting the economy. Consistent with these observations, stakeholder group participants reported a number of specific examples of companies that wanted to grow in New Hampshire, but were not able to hire enough people with the right job training and skills. This deficit caused them to grow outside the state. These considerations and concerns may be thought of as “workforce” issues. They were raised by participants in several different stakeholder groups including education, workforce skills and labor pool; health care; natural, historical and cultural resources; and workforce housing.

There are many ways policymakers can try to foster and maintain [advanced] manufacturing and high technology jobs in New Hampshire. These policies would include lowering healthcare costs, encouraging workforce development and education, investing in infrastructure and implementing tax policies that promote manufacturing and high-tech growth. (New Hampshire Center for Public Policy Studies, Smart Manufacturing and High Technology: New Hampshire’s Leading Economic Sector, March 2011.)

² New Hampshire Center for Public Policy Studies, “Smart Manufacturing and High Technology: New Hampshire’s Leading Economic Sector,” March 2011.

2.3.2 Cost of Doing Business in New Hampshire

A second major theme related to New Hampshire's desired business environment was the high cost of doing business here. This recurring theme was consistent with the NHCPPS' comparative analyses and is especially important for the state's advanced manufacturing and high technology sector. Companies in this sector are especially sensitive to high business costs, as well as access to intellectual and financial capital and strong research institutions. Participants in seven of the nine stakeholder groups raised concerns about New Hampshire's high cost of doing business directly or indirectly, including:

- » the high and increasing cost of health care and health insurance (health care stakeholder group);
- » high energy costs (energy stakeholder group);
- » high business taxes and lack of access to capital (fiscal policy stakeholder group);
- » infrastructure deficiencies that cause time inefficiencies and increased vehicle maintenance (infrastructure stakeholder group);
- » cost of permitting and regulatory compliance and fines and penalties for noncompliance (regulatory environment stakeholder group);
- » shortage of affordable housing for working people, which makes it difficult to recruit and retain employees (workforce housing stakeholder group); and
- » high tuition cost and student debt following postsecondary education putting pressure on compensation costs (education, workforce skills and labor pool stakeholder group).

2.3.3 Consistency and Predictability of Business Environment

In addition to workforce issues and business costs, nearly all stakeholder groups identified concerns and issues around consistency and predictability of the business environment. Businesses need consistency in the factors that affect availability of a suitable labor force.

In light of these considerations, it is clear New Hampshire must, to the degree practical, provide a consistent and predictable business environment where: 1) there is a readily available pool of intellectual capital and suitably trained workers, and 2) costs are manageable and controlled through thoughtful public policymaking and legislative and regulatory action.

2.4 ECONOMIC DASHBOARD

Any economy is a complicated system of shifting, inter-related factors. Reducing that system to a dozen or so data points, by design, over-simplifies its description. The NHCPPS' dashboard that follows, created for this strategic economic plan, is no different. Rather than capture every nuance of New Hampshire's economic and business landscape, the objective of the dashboard is to extract information on key variables in a way that can be readily and widely understood, allow for basic state-to-state comparisons, and promote monitoring of these variables over time as a way of tracking progress toward the plan's vision and goals. The dashboard is also meant to be an evolving tool, with certain variables possibly changing over time.

The dashboard addresses nine aspects of New Hampshire's economy considered critically important – business growth, retention and attraction; education, workforce skills and labor pool; energy; fiscal policy; health care; infrastructure; natural, cultural and historic resources; regulatory environment; and workforce housing. As described in section 2.2, the stakeholder groups developed goals for these areas, suggested metrics to monitor progress

and proposed tactics to reach the goals. The NHCPPS used this information to develop the dashboard. In addition, NHCPPS designed the dashboard based upon other factors, including:

- » data from New Hampshire and the other 49 states;
- » data available nationwide in comparable formats, allowing for true comparisons across states;
- » data relevant to the broader domain of which it is a part; and
- » data collected on a regular basis to allow for periodic updates.

The NHCPPS used data linked to specific indicators within each domain to rank New Hampshire against neighboring states (Maine, Vermont and Massachusetts) and states with which New Hampshire competes for business growth and attraction (North Carolina, South Carolina, Texas and Virginia).³ While the dashboard includes only these particular states, the NHCPPS' tools allow for comparison of New Hampshire to any state in the country. New Hampshire can monitor its progress over time and use it as a benchmark for these data, which is why ongoing monitoring and evaluation of these indicators will be important to understanding the state's economy.

In addition to comparing each indicator, the NHCPPS also created an overall ranking or measure within each domain to compare New Hampshire's overall rank on a specific goal. To compare New Hampshire overall with other states, the NHCPPS used an unweighted Z-score.⁴

The tables that follow illustrate the two different approaches to understanding the data. The individual indicator metrics for each of the nine goals can be examined and listed according to New Hampshire's rank compared to the rest of the country. This approach sorts these indicators into more specific areas in which New Hampshire performs relatively well and relatively poorly compared to other states. For example, New Hampshire ranks poorly in areas such as health care costs, energy costs and corporate tax rate but excels in many measures of education, including high school graduation rates, level of college attainment and percent of children enrolled in pre-school. Importantly, the NHCPPS notes that New Hampshire ranks well on indicators that reflect past or current conditions and poorly on indicators that are future oriented. For example, New Hampshire ranks in or near the bottom half of the country in measures of average student debt, the change in 35-44-year-old share of the population, housing costs and the rate of entry into college among high school graduates. These measures are directly linked to the state's ability to attract and retain young people and train them for good jobs in the future.

³ New Hampshire Center for Public Policy Studies, "Smart Manufacturing and High Technology: New Hampshire's Leading Economic Sector," March 2011.

⁴ A Z-score is a statistical measurement of a score's relationship to the mean, or average, in a group of scores. In this case, it measures how many standard deviations an economic indicator for a given state is away from the mean of all states. This allows indicators reported in different units of measurement to be added together and ranked. New Hampshire's Economic Climate: Key Indicators, NHCPPS, October 2013 –<http://www.nhpolicy.org/report/new-hampshireamp39s-economic-climate-key-indicators>

TABLE 2-1
ECONOMIC INDICATORS SORTED BY NH'S RANK RELATIVE TO REST OF NATION

NH Economic Dashboard 2013

Area	Indicator	NH Rank
WFHousing	Homeownership rates	2
Regulatory	Pollution Abatement / \$ Value Added	3
Cultural	Percent of tree cover urban areas	3
EdWorkFrc	High School grad rate	4
Cultural	Voter turnout rate	4
EdWorkFrc	Pct of pop in Science & Engineering workforce	5
EdWorkFrc	Pct w/Associates+	6
EdWorkFrc	Percent of children aged 3-4 in preschool	6
Fiscal	Public health/welfare spending per person in poverty	7
GrowthReten	Manufacturing Supercluster LQ	7
Fiscal	State Business Tax Climate Index	8
Energy	Consumption per Capita, Million BTU	8
Infrastructure	Transportation energy expenditures as percent of personal income	8
GrowthReten	VC Investment Dollars Per Capita 2011	8
Health	Percent Uninsured 2011	9
GrowthReten	R&D performed per \$GDP (%)	10
GrowthReten	Business Churn	12
Cultural	Domestic tourism spending per capita	13
GrowthReten	Manufacturing Contribution to Total Compensation	13
Cultural	Creative Economy Jobs Concentration	14
Health	2011 Age Adjusted Mortality Rates	15
Regulatory	Index of State Liability Systems	16
Cultural	Volunteering rate	19
Energy	State Energy Efficiency Rank	19
Regulatory	Percent of Mandated Health Benefits	20
Infrastructure	Percent of state with access to broadband speeds of 3mbps for downloa	20
Infrastructure	Water infrastructure needs per capita	21
Regulatory	CEO grades for State Taxation and Regulation	22
GrowthReten	% of Jobs in Firms with 20 to 99 Employees	23
Fiscal	Public govt & admin per \$ Personal Income	24
EdWorkFrc	Rate of HS grads going to degree-granting institution	24
GrowthReten	Total Employment % Change 2007 to 2012	25
Energy	Expenditures per Capita, Dollars	26
WFHousing	Rent more than 30% of income	28
Health	Total Health Care Expenditures as a Percent of Gross State Product (G	32
WFHousing	Ratio Median Housing Price to Median Income	34
Energy	Natural Gas Prices in Dollars per mmbtu	34
Infrastructure	Portion of unacceptable rough roads	35
Health	State-specific Standardized Infection Ratios (SIRs):	36
Cultural	State spending on natural resources per capita	37
Fiscal	Top marginal corporate tax rate	38
Infrastructure	Percent of bridges deficient or obsolete	39
WFHousing	Owner costs more than 30% of Income	43
Fiscal	State debt per \$ Personal Income	45
Energy	Industrial Electric Prices	46
GrowthReten	Capital Investment Projects per 100,000 pop	46
Regulatory	Land Use Restriction	47
EdWorkFrc	Change in 35-44 y.o share of population, 2000 to 2010	48
Health	Average Family Premium per Enrolled Employee For Employer-Based H	49
EdWorkFrc	Average student debt	50

Notes: 1. A lower ranking equals a better indicator for New Hampshire. 2. Definitions of indicators are provided in each goal/metrics/tactics section of the plan.

Table 2-2 shows a combined ranking (developed using the Z-score method)⁵ for all of the indicators within each of the goal areas for New Hampshire, New England states and competitor states. As indicated in this table, New Hampshire ranks well in education and workforce development; natural, cultural and historic resources; and business retention and growth. In workforce housing, health care, energy and infrastructure, New Hampshire fares poorly, ranking in the bottom half of the states and worse than its competitor states in many cases.

TABLE 2-2
RANKINGS BY DOMAIN

State and Rank	Educations and Workforce			Cultural Workforce and Natural Resources			Business Growth and Health			Overall
	Fiscal	Workforce	Regulatory	Housing	Resources	Energy	Infrastructure	Health	Retention	
New Hampshire	17	14	22	31	4	28	27	37	7	11
Maine	30	36	42	29	7	35	33	48	31	38
Massachusetts	39	1	41	41	3	20	35	13	2	8
Vermont	35	32	31	32	6	24	43	17	11	24
North Carolina	32	11	14	25	20	13	18	29	27	16
South Carolina	29	29	17	15	38	33	12	47	30	33
Texas	8	16	28	21	47	41	10	34	23	27
Virginia	11	4	20	35	11	27	15	19	29	9

While table 2-2 may be useful in considering broad areas of public policy concern, policymakers and others should view its rankings with caution. The unweighted scoring method used to develop the combined rankings may mask serious problems with one or two indicators for a given goal area that are evident. For example, table 2-2 shows the state ranks 22nd out of 50 states for its regulatory environment; however, table 2-1 indicates the state ranks 47th out of 50 for the land-use-restriction metric, meaning it is one of the most restrictive in the nation.

These two dashboards will allow the state and others to monitor progress toward the goals articulated in this strategic economic plan. As importantly, they will allow the state and others to identify and prioritize those key aspects most directly affecting the state’s economy. As described in the preceding paragraph, it is best to use these dashboards together, using table 2-1 to monitor specific issues within each goal area and using table 2-2 for a more holistic view of New Hampshire’s relative position among the 50 states.

2.5 POTENTIAL PARTNERS

To attain the vision and goals articulated in this strategic economic plan, businesses and a range of organizations and individuals must work together and form strategic partnerships. New Hampshire has a long, successful history of public/private partnerships. In addition to state and municipal partners, New Hampshire has a vibrant nonprofit sector that actively partners with businesses to achieve mutual goals. A lengthy list of possible partners to help make measureable progress toward the identified goals, which is not intended to be exclusive or exhaustive, is included in the appendix (section 12.6).

2.6 REPORT ORGANIZATION

Sections 3 through 11 of the report focus on key elements of the New Hampshire economy that are important to business growth, retention and attraction. Each section lists the goal established to help realize the plan’s vision. Following each goal is a list of key metrics selected to measure progress. Finally, following the metrics is a list of recommended tactics to achieve the goal.

⁵ New Hampshire Center for Public Policy Studies, New Hampshire’s Economic Climate: Key Indicators, October 2013.

3.0 BUSINESS GROWTH, RETENTION AND ATTRACTION

3.1 GOAL

New Hampshire offers the best environment for innovation and entrepreneurship in the Northeast U.S., consistently growing, creating and drawing in successful businesses and the people who create and lead them.

In this section, successful businesses are defined as those that offer the state higher economic value by paying higher wages, operating at higher margins and reinvesting within the state – namely, advanced manufacturing and high technology firms. These businesses create a positive economic ripple effect through the in-state supply chains from which they purchase, wages they pay into the state economy and related businesses they spin off.

It is important not to view this definition as exclusionary or dismissive of good, successful businesses making valuable contributions to the state's economy. The goal statement is intended to reflect a sense of inclusiveness with the recognition that the advanced manufacturing and high technology sector will be a primary area of focus because it is an important engine to the state's economy. It also explicitly recognizes that implementing the recommendations associated with this goal will improve conditions for all businesses in New Hampshire.

3.2 KEY METRICS

Venture Capital Investment Dollars Per Capita, 2011 – Total venture capital (which is capital provided to early-stage, high-risk, high-potential startup companies) per capita. Venture capital data come from the PricewaterhouseCoopers Moneytree Survey, while state population data come from the U.S. Census Bureau FactFinder.⁶

Capital Investment Projects per 100,000 pop, 2010 to 2012 – Total amount of large capital investment projects in various states. The count includes private-sector capital investment projects of at least \$1 million, which led to the creation of 50 or more new jobs or at least 20,000 square feet of business space.⁷

Business Churn, 2011 – Rate of business creation and destruction within the economy, a measure of the degree to which capital is freed up for different uses. The State Science and Technology Institute compiles the data, which come from the Small Business Administration.⁸

Research and Development as a Percent of Gross State Product, 2010 – Total research and development spending by state as a percentage of gross state product attempts to provide a measure of the degree to which a state is investing in new opportunities. The data come from the National Science Foundation (NSF), which tracks U.S. research and development spending.⁹

Employment Change, 2007 to 2012 – A measure of job growth during the last five years in New Hampshire, compared to other states. The data come from the U.S. Department of Labor: Bureau of Labor Statistics, Employees on Nonfarm Payrolls in New Hampshire (and other 50 states).¹⁰

⁶ PricewaterhouseCoopers. <https://www.pwcmoneytree.com/MTPublic/ns/index.jsp>

⁷ Site Selection Magazine, March 2013.

⁸ Small Business Economy 2010, Tables A-4 and A-5. The data can be found here: <http://www.sba.gov/content/small-business-economy-2013>

⁹ State Science and Technology Institute calculations using NSF data on R&D expenditures and Census Bureau data. The data can be found here: <http://www.ssti.org/Digest/Tables/020112t.htm>

¹⁰ <http://research.stlouisfed.org/fred2/series/nhna>

Employment in Firms with 20 to 99 Employees, 2010 – Number of jobs in small firms as a percentage of the total private employment in the state. The data come from the U.S. Small Business Administration, Office of Advocacy, based on U.S. Census Bureau data.¹¹

Contribution of Manufacturing to Total State Compensation, 2012 – Amount of compensation (wages and benefits) that comes from the manufacturing sector in each state. The data come from the U.S. Bureau of Economic Analysis estimates of personal income by state, compensation of employees by industry (SA06, SA06N).¹²

Manufacturing Super-cluster Location Quotient, 2011 – The location quotient (LQ) is used to determine export-based industries and represents the degree to which an industry of a particular type is more present in a given state than in the nation. Location quotients greater than 1 indicate a higher concentration of that industry in New Hampshire. New Hampshire has a location quotient of greater than 1 for the following industries:

- » Computer and electronic product manufacturing
- » Electrical equipment, appliance and component manufacturing
- » Primary metal manufacturing
- » Advanced materials
- » Fabricated metal product manufacturing
- » Information technology and telecommunications

The LQ calculation for New Hampshire and the other states comes from the Innovation in America's Regions website, sponsored by the U.S. Economic Development Administration.¹³

¹¹ <http://www.sba.gov/advocacy/849/12162>

¹² <http://www.bea.gov/regional/>

¹³ http://www.statsamerica.org/innovation/innovation_index/region-select.html

TABLE 3-1 – BUSINESS GROWTH, RETENTION AND ATTRACTION INDICATORS

<u>State Indicator</u>	VC Investment Dollars Per Capita 2011	Capital Investment Projects per 100,000 pop	Business Churn	R&D performed per \$GDP (%)	Total Employment % Change 2007 to 2012	% of Jobs in Firms with 20 to 99 Employees	Manufacturing Contribution to Total Compensation	Manufacturing Supercluster LQ
New Hampshire	71.5	1.2	44.1%	3.5	-2.2%	17.0%	14.5%	157.0%
Maine	29.1	1.4	44.9%	1.0	-3.3%	18.5%	11.2%	102.0%
Massachusetts	452.7	1.8	38.9%	5.3	-0.2%	15.4%	10.5%	99.0%
Vermont	39.7	3.7	43.3%	1.8	-1.6%	18.6%	13.9%	125.0%
North Carolina	33.7	8.6	37.7%	2.1	-3.7%	16.4%	13.3%	84.0%
South Carolina	4.7	8.6	33.6%	1.5	-4.5%	16.4%	15.4%	124.0%
Texas	56.9	6.6	32.8%	1.6	4.7%	16.1%	11.0%	104.0%
Virginia	75.0	8.3	42.0%	2.4	-1.0%	16.1%	6.3%	73.0%

TABLE 3-2 – BUSINESS GROWTH, RETENTION AND ATTRACTION RANKINGS

<u>State and U.S. Rank</u>	VC Investment Dollars Per Capita 2011	Capital Investment Projects per 100,000 pop	Business Churn	R&D performed per \$GDP (%)	Total Employment % Change 2007 to 2012	% of Jobs in Firms with 20 to 99 Employees	Manufacturing Contribution to Total Compensation	Manufacturing Supercluster LQ	<u>Overall</u>
New Hampshire	8	46	12	10	25	23	13	7	7
Maine	24	44	10	40	30	11	28	23	31
Massachusetts	1	37	24	3	11	45	31	26	2
Vermont	16	25	14	28	21	7	16	12	11
North Carolina	21	9	27	26	32	35	17	31	27
South Carolina	38	8	37	33	37	36	6	13	30
Texas	11	14	41	29	3	42	29	20	23
Virginia	7	10	18	19	16	41	40	36	29

3.2 TACTICS

(Please note: The tactics are not listed in any particular order of importance).

- » Grow, retain and attract advanced manufacturing and high technology firms to build on New Hampshire's competitive advantages in this sector (see section 2.3).
- » Explore creating a leveraged supply chain to lower production costs for smaller firms and sustain more economic activity.
- » Given the importance of intellectual capital to advanced manufacturing and high technology businesses:
 - » identify the types of intellectual capital these businesses need and ensure the workforce development and education tactics address these needs;
 - » identify factors that are important to well-educated young people in the Northeast United States metro areas and seek to improve conditions in New Hampshire relative to those factors;
 - » improve collaboration between the state's educators (from kindergarten through higher education) and advanced manufacturing and high technology businesses to ensure a consistent, workplace-ready pool of STEM-educated (science, technology, engineering and mathematics) graduates; and
 - » explore incentives for businesses in the target sector, such as a tax credit for the costs of paid internships, to retain young people in New Hampshire.
- » Given the critical role of capital investment in growth of advanced manufacturing and high technology businesses:
 - » increase overall state investment in and streamline access to New Hampshire's research and development tax credit to promote business investment in advanced manufacturing and high technology;
 - » educate advanced manufacturers and high-tech business owners about sources of capital, such as bank financing, municipal revolving loan funds and venture capital, and the implications of utilizing them;
 - » explore creating other capital sources for advanced manufacturing businesses, such as a subsidized investment fund (similar to the Granite Fund), supplemented by professional management support, for businesses to access; and
 - » coordinate efforts with the New Hampshire Department of Resources and Economic Development (NHDRED) to provide access to a range of capital sources for target businesses.
- » Encourage NHDRED and economic developers in the state to:
 - » coordinate activities with this strategic economic plan; and
 - » focus attention on firms in market sectors positioned to grow.
- » Evaluate the viability of a shared-space manufacturing incubator. With the appropriate plant infrastructure and facilities, an incubator will allow advanced manufacturers and high-tech companies to scale up and move to their own facilities when operations will support the move.
- » To provide a reliable metric to track the available labor pool, encourage the New Hampshire Department of Employment Security to track job opening postings and the length of time postings remain open in the advanced manufacturing and high technology sector.
- » Support the efforts of NHDRED and economic developers to recruit Canadian firms that require a U.S. presence to comply with federal purchasing requirements for products to be manufactured in the U.S., emphasizing proximity to Canadian headquarters.
- » Establish New Hampshire as a right-to-work state (where employees of unionized employers are not required to join or financially support the union) to encourage advanced manufacturers and high technology businesses to grow employment here.

4.0 EDUCATION, WORKFORCE SKILLS AND LABOR POOL

4.1 GOAL

New Hampshire possesses a high-quality, cost-effective, lifelong educational system that provides access and affords all residents the same educational opportunities that align with the needs of a robust, innovative, flexible, productive workforce.

As baby boomers retire from the workforce, New Hampshire must determine how best to replace their experience and train younger workers. These changing demographics are a critical factor to the future success of New Hampshire businesses. Research centers, universities, colleges and community colleges are critical to attracting and retaining advanced manufacturing and high technology businesses because they offer a stream of STEM (science, technology, engineering and mathematics) graduates. The need for STEM education within all learning institutions is clear. Training in the arts and humanities is also critical to bolster flexible and innovative thinking. Educators at all levels need to understand the necessary workforce skills and ask themselves how they can most effectively assist businesses in developing them.

The term “lifelong” in the goal above is meant to encompass pre-kindergarten education through adult continuous learning. There is empirical evidence to support early education as the key foundation for further educational advancement.

4.2 KEY METRICS

Change in Age 35-44 Population Share, 2000 to 2010 – The percentage increase or decrease between 2000 and 2010 in the percentage of total state population of people between the ages of 35 and 44 years.¹⁴

.....
“New Hampshire has a higher share of its population employed in science and engineering fields than much of the rest of the country...But our science and engineering labor force is also older, on average, than the rest of the country...This raises questions about the state’s ability to replace that older cohort of science and engineering field workers as they retire over the coming decade.”
(New Hampshire Center for Public Policy Studies, Education, Workforce & Labor Pool, April 2013)
.....

Percentage of Adult Population with an Associate Degree or Higher, 2011 – The share of adults 25 or older who hold an associate’s degree or higher level of post-secondary education in 2011.¹⁵

Percentage of Population in Science and Engineering Workforce, 2008 –Share of the state’s workforce employed in science and engineering fields.¹⁶

¹⁴ NH Center for Public Policy Studies calculations using data from the U.S. Census Bureau, 2000 and 2010.

¹⁵ U.S. Census Bureau, American Community Survey, 2011: <http://www.census.gov/prod/2012pubs/p20-566.pdf>

¹⁶ Population Reference Bureau, Trends in Science and Engineering Labor Force Project, <http://www.prb.org/About/DomesticPrograms/Projects-Programs/SEWorkforce.aspx>

High School Graduation Rate, 2010-11 – Measure of the four-year graduation rate. The U.S. Department of Education computes an adjusted graduation rate for states by dividing the number of students earning a diploma by an “adjusted cohort” for the graduating class – the number of ninth graders four years ago, plus students transferring in, minus those who transferred out, emigrated or passed away during the four school years.¹⁷

Student Debt per Person, 2010-2011 – Average student debt per graduate.¹⁸

Rate at Which High School Graduates Go on to Post-Secondary Institutions, 2008 – Estimated percentage of state high school graduates going directly to any degree-granting, post-secondary institution.¹⁹

Percentage of Children Aged 3 to 4 Enrolled in Preschool, 2009-2011 – Percentage of three- to four-year-olds in each state enrolled in preschool during the previous two months.²⁰

TABLE 4-1
EDUCATION, WORKFORCE AND LABOR INDICATORS

State Indicator	Change in 35-44 y.o share of population, 2000 to 2010	Pct w/Associates+	Pct of pop in Science & Engineering workforce	High School grad rate	Average student debt	Rate of HS grads going to degree-granting institution	Percent of children aged 3-4 in preschool
New Hampshire	-4.3	45.8%	3.9%	86.0%	\$32,440	63.9	52.0%
Maine	-3.8	40.0%	2.2%	84.0%	\$26,046	57.1	43.0%
Massachusetts	-3.1	50.8%	3.9%	83.0%	\$27,181	74.7	59.0%
Vermont	-4.2	46.2%	2.7%	87.0%	\$28,273	48.3	47.0%
North Carolina	-2.1	38.2%	2.2%	78.0%	\$20,800	66.0	43.0%
South Carolina	-2.6	34.2%	1.8%	74.0%	\$25,662	70.1	45.0%
Texas	-2.2	34.5%	2.5%	86.0%	\$22,140	56.9	41.0%
Virginia	-3.2	45.0%	3.9%	82.0%	\$24,717	68.7	48.0%

TABLE 4-2
EDUCATION, WORKFORCE AND LABOR RANKINGS

State and U.S. Rank	Change in 35-44 y.o share of population, 2000 to 2010	Pct w/Associates+	Pct of pop in Science & Engineering workforce	High School grad rate	Average student debt	Rate of HS grads going to degree-granting institution	Percent of children aged 3-4 in preschool	Overall
New Hampshire	48	6	5	4	50	24	6	14
Maine	42	20	29	10	34	40	29	36
Massachusetts	26	1	3	12	38	2	3	1
Vermont	47	5	13	2	43	48	18	32
North Carolina	3	27	27	29	7	16	29	11
South Carolina	16	39	40	40	32	6	26	29
Texas	6	37	20	4	9	41	34	16
Virginia	28	9	2	19	29	9	15	4

¹⁷ U.S. Department of Education: <http://www2.ed.gov/documents/press-releases/state-2010-11-graduation-rate-data.pdf>.

¹⁸ The Institute for College Access & Success, College InSight: http://projectonstudentdebt.org/state_by_state-data.php

¹⁹ National Center for Education Statistics: http://nces.ed.gov/programs/digest/d11/tables/dt11_212.asp

²⁰ Kids Count, analysis of American Community Survey data.

4.3 TACTICS

(Please note: The tactics are not listed in any particular order of importance).

- » To evaluate and allocate state resources, plan for and envision where the state wants to be in five to 10 years and develop a statewide education strategy to meet this vision.
- » To make training more relevant to business needs, provide models of integration of businesses into school curriculums and provide enrichment supports, extended learning opportunities, internships, information exchange, coordinated workforce training and curriculum development.
- » To provide information on how to design relevant and appropriate programs, collect and distribute information on model partnerships between schools and businesses that integrate STEAM (science, technology, engineering, arts and mathematics) curriculum for in-school and out-of-school hours.
- » To guide students to high-growth job opportunities, increase awareness among students, parents and school guidance counselors of advanced manufacturing and high technology careers.
- » To provide the best chance for students to learn and excel in school, ensure New Hampshire families can access quality physical, mental and dental health care, all of which support healthy child development.
- » To maximize opportunities for students, encourage businesses to create education/business partnerships.
- » To maximize new business opportunities for New Hampshire, capitalize on new businesses created at innovative research institutions and incubator sites.

“Business has a clear economic stake in the future of our nation’s children and should be an active partner in promoting policies that help young children succeed.” (Institute for a Competitive Workforce, ICW@uschamber.com)

- » To meet the needs of high-growth industries in the future, adopt a University System of New Hampshire and New Hampshire Community College System goal for increasing STEM (science, technology, engineering and mathematics) graduates.
- » To reduce student debt and to increase access to higher education, restore and increase funding for need-based scholarships.
- » To address specific manufacturing needs and to certify worker accomplishments, increase targeted educational programs and training, offering high-quality certificates and advanced manufacturing credentials for program completion.
- » To meet the state’s educational needs, commit sufficient statewide resources to ensure a high-quality, lifelong educational system.
- » To make better use of limited resources and improve educational outcomes, identify and evaluate efficiencies in existing educational administrative structures to reinvest in programs that improve outcomes.

5.0 ENERGY

5.1 GOAL

New Hampshire businesses have access to reliable, high-quality, low-cost, diverse energy sources.

New Hampshire is among the least competitive states with regard to the cost of energy. There are many factors that affect the price of energy: global and regional fuel costs, geography, climate, access to natural resources, federal and state environmental regulations, among others. Many of these factors are outside of the state's control; however, there are numerous factors and policies the state does have the ability to control or influence that directly impact the price of energy. New Hampshire's governor, Legislature and regulators should work with the business community to provide a favorable regulatory environment that encourages the development of additional energy resources and controls cost.

5.2 KEY METRICS

Industrial Electric Prices, 2011 - Average industrial retail price of electricity per kilowatt hour, produced by the U.S. Energy Information Administration.²¹ Indicators for consumption, expenditures and prices are from the State Energy Data System (SEDS) produced by the Energy Information Administration.²²

Natural Gas Prices in Dollars per Million BTUs, 2011 – Annual natural gas prices in 2011 from the U.S. Energy Information Administration.²³

Energy Consumption, 2010 – Per capita energy consumption in millions of British Thermal Units (BTUs) from the U.S. Energy Information Administration.²⁴

Expenditures Per Capita, 2010 – Per capita energy expenditures from the U.S. Energy Information Administration.²⁵

Energy Efficiency Rank, 2012 – This ranking is developed by the American Council for an Energy Efficient Economy. The state rankings are based on a review of six areas in which states often attempt to assess efficiency, including utility programs, transportation policies, building energy codes, combined heat and power policies, state-government-led initiatives around efficiency, and appliance and equipment standards.²⁶

Note: Measures of energy quality and reliability are not collected consistently in New Hampshire or across many states in the United States. Therefore, metrics for these factors could not be established.

²¹ U.S. Energy Information Administration, "Electric Sales, Revenue, and Average Price" Table 5c. http://www.eia.gov/electricity/sales_revenue_price/

²² While some SEDS data series come directly from surveys conducted by EIA, many are estimated using other available information. These estimations are necessary for the compilation of "total energy" estimates. The data sources and estimation procedures are described in the Technical Notes.

²³ Data can be downloaded here: http://www.eia.gov/state/seds/data.cfm?incfile=/state/seds/sep_sum/html/rank_pr_pa_ng.html&sid=US

²⁴ U.S., Energy Information Administration. Annual Energy Review. Table 1.6 State level Energy consumption, expenditure, and price estimates, 2010. <http://www.eia.gov/totalenergy/data/annual/index.cfm#summary>

²⁵ U.S., Energy Information Administration. Annual Energy Review. Table 1.6 State level Energy consumption, expenditure, and price estimates, 2010. <http://www.eia.gov/totalenergy/data/annual/showtext.cfm?t=ptb0106>

²⁶ The report including the rankings and methodology can be found here: <http://aceee.org/research-report/e12c>

TABLE 5-1
ENERGY INDICATORS

State Indicator	Industrial Electric Prices	Natural Gas Prices in Dollars per mmbtu	Consumption per Capita, Million BTU	Expenditures per Capita, Dollars	State Energy Efficiency Rank
New Hampshire	\$12.27	\$7.95	224.0	\$3,971	19
Maine	\$8.88	\$7.81	307.0	\$4,746	25
Massachusetts	\$13.38	\$9.05	213.0	\$3,739	1
Vermont	\$9.83	\$11.46	236.0	\$4,344	5
North Carolina	\$6.01	\$8.38	283.0	\$3,451	23
South Carolina	\$5.94	\$6.20	358.0	\$4,034	41
Texas	\$6.24	\$4.74	466.0	\$5,446	35
Virginia	\$6.49	\$7.69	312.0	\$3,717	37

TABLE 5-2
ENERGY RANKINGS

State and U.S. Rank	Industrial Electric Prices	Natural Gas Prices in Dollars per mmbtu	Consumption per Capita, Million BTU	Expenditures per Capita, Dollars	State Energy Efficiency Rank	Overall
New Hampshire	46	34	8	26	19	28
Maine	40	30	22	44	25	35
Massachusetts	48	44	6	18	1	20
Vermont	42	49	10	36	5	24
North Carolina	14	39	16	10	23	13
South Carolina	13	6	33	29	40	33
Texas	20	2	45	46	34	41
Virginia	26	28	24	16	36	27

5.3 TACTICS

(Please note: The tactics are not listed in any particular order of importance).

- » Revise the renewable portfolio standards (RPS) law to reduce the cost of compliance, insulate New Hampshire from legislative changes in neighboring states, promote fuel diversity and keep dollars spent on energy in the state.
- » Stabilize the RPS requirements to provide greater certainty for potential investors and be consistent with requirements in other states to encourage investment in diverse energy sources.
- » Support the business community's continued ability to access non-utility energy suppliers through the competitive energy market, which has given businesses greater control over their energy expenditures.
- » Explore tax credits, such as boiler tax credits, as an alternative mechanism to the current competitive

grant system to encourage energy efficiency investments. This alternative funding mechanism will give businesses greater flexibility to control their energy efficiency investments and will also reduce the potential for diversion of dedicated funds.

- » Protect dedicated funding sources intended for energy efficiency and sustainable energy projects. Funds such as those tied to the Regional Greenhouse Gas Initiative (RGGI), system benefits charge and the RPS, created to promote energy efficiency and the development of sustainable energy resources, will over time reduce energy consumption, cost and reliance on out-of-state electricity sources.
- » Maintain the existing consumer protection provisions in New Hampshire's RGGI program, which insulate New Hampshire ratepayers from RGGI market fluctuations, keep the cost of participating in RGGI reasonable and provide a stable funding source for the CORE Energy Efficiency Programs.
- » Encourage utilities to invest in "smart-grid" technologies, which will enable quick response to shifting demands and increase transparency in pricing.
- » Ensure access to energy efficiency services, distributed energy sources and other support that will help businesses keep their energy costs competitive with other states and regions.
- » Promote investment in energy infrastructure development by streamlining facility siting and permitting processes:
 - » eliminate or substantially reduce the scope of Site Evaluation Committee (SEC) oversight of facility ownership transfers;
 - » restore the original function of the SEC as the final, one-stop decision-making body that offers a forum for input from towns and other interested parties; and
 - » oppose mandates that complicate and impede a developer's ability to get a fair, transparent and expedient application review before the SEC.
- » Identify power reliability and quality measures and assess New Hampshire's standing relative to competitor states to help inform businesses on the quality and reliability of New Hampshire's transmission and distribution systems.
- » Survey New Hampshire businesses about what energy sources they use and the associated costs to provide foundational information for use by legislators and policy makers.
- » Encourage the use of combined heating and power and development of other distributed energy resources within the state. The development of these resources will give businesses greater control over their energy expenditures and reduce the need for investments in the transmission system.
- » Reject policies that result in one customer class subsidizing programs that benefit other customer classes. Forcing one class to subsidize another erodes confidence, distorts markets and hurts the customer class providing the subsidy.
- » Explore decoupling the cost of electricity from usage and other alternative pricing mechanisms to remove barriers to promoting energy efficiency.

6.0 FISCAL POLICY

6.1 GOAL

New Hampshire encourages business growth and retention by maintaining a state tax structure that is simple and equitable and by efficiently operating state and local governments.

Predictability of business taxes and low business tax rates are important. New Hampshire does not have the fiscal capacity to compete with many other states that offer generous incentives to locate or grow businesses in their states. States that offer generous incentives rarely receive benefits equal to the value of the tax breaks, and businesses that receive them frequently leave a state when a better deal arises. Nevertheless, some targeted incentive programs can produce positive results, such as the research and development (R&D) tax credit, which has led to more companies conducting R&D and more jobs associated with R&D. The state should encourage and strengthen these types of focused tax credits that lead to innovation and job creation.

6.2 KEY METRICS

State Business Climate Tax Index, FY2014 – The business climate tax index is calculated based on a state-by-state ranking of corporate taxes, individual income taxes, sales taxes, unemployment insurance taxes and property taxes for the most current fiscal year. These estimates come from the Tax Foundation.²⁷ States are ranked from higher to lower values.

Top Marginal Corporate Tax Rate, 2013 – Top marginal corporate tax rate in each of the states. The data come from the Tax Foundation.²⁸ States are ranked from lower to higher values.

Public Health, Welfare and Hospital Spending per Person in Poverty, 2011 – Spending estimates from the Census Bureau for 2011.²⁹ Distribution of total population by federal poverty level for 2010 through 2011 is based upon the Census Bureau's March 2011 and 2012 Current Population Survey (CPS: Annual Social and Economic Supplements).³⁰

State Debt Per Dollar of Personal Income, 2011 – Spending estimates from the Census Bureau for 2011.³¹ Personal income estimates used for each of the states to produce per capita measures come from the Bureau of Economic Analysis.³²

Public Government and Administration Per Dollar of Personal Income, 2011 – Spending estimates from the Census Bureau for 2011.³³ Personal income estimates used for each of the states to produce per capita measures come from the Bureau of Economic Analysis.³⁴

²⁷ The report documenting data for each of the 50 states and the methodology can be found here: <http://taxfoundation.org/article/2013-state-business-tax-climate-index>

²⁸ The data for each of the states can be found here: <http://taxfoundation.org/article/state-corporate-income-tax-rates-2000-2013>

²⁹ The report on spending in the 50 states for 2011 can be found here: (<http://www2.census.gov/govs/state/11statesummaryreport.pdf>).

³⁰ These estimates can be found here: <http://kff.org/other/state-indicator/distribution-by-fpl/>

³¹ The report on spending in the 50 states for 2011 can be found here: (<http://www2.census.gov/govs/state/11statesummaryreport.pdf>).

³² Personal income estimates for 2011 for the states can be found here: <http://www.bea.gov/regional/>

³³ The report on spending in the 50 states for 2011 can be found here: (<http://www2.census.gov/govs/state/11statesummaryreport.pdf>).

³⁴ Personal income estimates for 2011 for the states can be found here: <http://www.bea.gov/regional/>

TABLE 6-1
FISCAL POLICY INDICATORS

State Indicator	State Business Tax Climate Index	Top marginal corporate tax rate	Public health/welfare spending per person in poverty	State debt per \$ Personal Income	Public govt & admin per \$ Personal Income
New Hampshire	8	8.5%	\$15,757	14.0%	0.4%
Maine	29	8.9%	\$16,455	11.6%	0.6%
Massachusetts	25	8.0%	\$16,204	21.1%	0.5%
Vermont	45	8.5%	\$18,897	13.4%	0.5%
North Carolina	44	6.9%	\$7,516	5.3%	0.3%
South Carolina	37	5.0%	\$8,504	9.8%	0.5%
Texas	11	0.0%	\$6,470	3.7%	0.2%
Virginia	26	6.0%	\$11,093	7.1%	0.4%

TABLE 6-2
FISCAL POLICY RANKINGS

State and U.S. Rank	State Business Tax Climate Index	Top marginal corporate tax rate	Public health/welfare spending per person in poverty	State debt per \$ Personal Income	Public govt & admin per \$ Personal Income	Overall
New Hampshire	8	38	7	45	24	17
Maine	29	42	5	38	37	30
Massachusetts	25	34	6	50	27	39
Vermont	45	38	1	41	33	35
North Carolina	44	18	45	8	14	32
South Carolina	37	2	40	33	29	29
Texas	11	24	48	3	1	8
Virginia	26	7	21	17	16	11

6.3 TACTICS

(Please note: The tactics are not listed in any particular order of importance).

- » Maintain New Hampshire's current tax structure, which does not include income or sales taxes, to preserve the state's competitive advantage in tax policy.
- » Reduce the business profits and business enterprise taxes when economically feasible to increase New Hampshire's competitiveness in corporate tax rates.
- » Consider revenue sources that do not include new taxes to preserve New Hampshire's competitive advantage in tax policy.
- » Pass a constitutional amendment to allow targeted education aid to cities and towns most in need to efficiently apply New Hampshire's limited resources.
- » Reform New Hampshire's public employee retirement system to reduce the unfunded liability of the fund and to reduce the contribution of this liability to New Hampshire's debt.
- » Promote outcome-based budgeting practices for New Hampshire to improve the effective application of state government resources.
- » Improve the transparency of the state budget process to facilitate analysis of assumptions and the implications of revenue and tax choices.
- » Working with the business community, find efficiencies in state government to reduce costs, including but not limited to current efforts to employ lean practices.
- » Increase overall state investment in and streamline access to New Hampshire's research and development tax credit to promote business investment in advanced manufacturing and high technology.
- » Increase the limits and term of New Hampshire's net operating loss provisions to allow New Hampshire to better compete with other states.
- » Consider enacting single-sales-factor tax apportionment to increase advanced manufacturing activity in New Hampshire.
- » Replenish the Rainy Day Fund to cover more than episodic uses and increase predictability in the state's tax structure.
- » Strengthen the New Hampshire Business OneStop initiative to improve and expedite business interaction with the state.

7.0 HEALTH CARE

7.1 GOAL

All New Hampshire residents are among the healthiest in the nation and have lifelong access to a high-quality, affordable, integrated and preventive health and community support system.

There is a strong, well-established connection between the health of a population and the state's economic prosperity. A healthy community provides more workplace-ready and productive individuals for businesses. A healthy community is less of a financial drain on taxpayers. A proactive, preventive approach to community health costs significantly less than a reactive, emergency, curative approach. Residents need lifelong access to high-quality health care that is affordable and available from birth through the end of life so they may reach their full potential and become healthy, productive workers. Fostering a healthy population that uses less and lower-cost healthcare services will lead to lower health insurance costs for businesses and individuals. The high cost of health insurance is one of the top concerns of business owners throughout New Hampshire and the primary driver of premium cost is consumption of health care.

7.2 KEY METRICS

Health Care Expenditures Per Dollar of Gross State Product, 2010 – Total personal healthcare expenditures across all types of services and all payers from the Centers for Medicare and Medicaid Services.³⁵ Gross state product estimates come from the Bureau of Economic Analysis.³⁶ States are ranked from lowest to highest values.

Age-adjusted Mortality Rates, 2011 – Mortality rates adjusted for age distribution differences across the states, which measure general population health. These estimates come from the Centers for Disease Control and Prevention.³⁷ States are ranked from lowest to highest values.

State-specific Standardized Infection Ratios (SIRs), 2011 – State-specific standardized infection ratios (SIRs) during 2011. The central line-associated blood stream infections (CLABSI) score is reported using a standardized infection ratio (SIR). This calculation compares the number of central-line infections in a hospital's intensive care unit to a national benchmark based on data reported to the National Healthcare Safety Network from 2006 – 2008. The result is adjusted based on certain factors such as the type and size of a hospital or ICU. A score of less than 1 means that the hospital had fewer CLABSI than hospitals of similar type and size. Lower numbers are better. A score of zero (0) – meaning no CLABSI – is best.³⁸

Percentage Uninsured, 2011 – The percentage of the total population in the state that does not have health insurance.³⁹

Average Family Premium per Enrolled Employee For Employer-based Health Insurance, 2011 – Health insurance premiums for private insurance, including the portion paid by employers.⁴⁰ States are ranked from lowest to highest values.

³⁵ Centers for Medicare & Medicaid Services (2011). Health Expenditures by State of Residence. <http://www.cms.gov/NationalHealthExpend-Data/downloads/resident-state-estimates.zip>.

³⁶ Gross state product estimates for 2010 for the states can be found here: <http://www.bea.gov/regional/>

³⁷ <http://www.cdc.gov/nchs/data/databriefs/db115.pdf>

³⁸ <http://www.cdc.gov/hai/national-annual-sir/table3.html> and http://www.cdc.gov/hai/pdfs/SIR/SIR-Report_02_07_2013.pdf

³⁹ The estimates are produced by the Urban Institute and Kaiser Commission on Medicaid based on the Census Bureau's March 2011 and 2012 Current Population Survey (CPS: Annual Social and Economic Supplements). The data can be found here: <http://kff.org/other/state-indicator/total-population/>

⁴⁰ This includes the portion of the health insurance premium paid by employers. The source is the Medical Expenditure Panel Survey (MEPS); Average Family Premium per Enrolled Employee For Employer-Based Health Insurance, 2011.

TABLE 7-1
HEALTH CARE INDICATORS

State Indicator	Total Health Care Expenditures as a Percent of Gross State Product (GSP), 2010	2011 Age Adjusted Mortality Rates	State-specific Standardized Infection Ratios (SIRs):	Percent Uninsured 2011	Average Family Premium per Enrolled Employee For Employer-Based Health Insurance
New Hampshire	19.1	710.0	0.640	13.0%	\$16,902
Maine	26.9	749.5	0.989	11.0%	\$15,585
Massachusetts	18.9	676.1	0.562	5.0%	\$16,953
Vermont	23.7	711.0	0.246	10.0%	\$16,273
North Carolina	17.7	790.8	0.571	19.0%	\$14,304
South Carolina	21.4	839.9	0.706	23.0%	\$15,252
Texas	14.4	751.6	0.559	27.0%	\$14,903
Virginia	14.1	741.6	0.700	16.0%	\$14,822

TABLE 7-2
HEALTH CARE RANKINGS

State and U.S. Rank	Total Health Care Expenditures as a Percent of Gross State Product (GSP), 2010	2011 Age Adjusted Mortality Rates	State-specific Standardized Infection Ratios (SIRs):	Percent Uninsured 2011	Average Family Premium per Enrolled Employee For Employer-Based Health Insurance	Overall
New Hampshire	32	15	36	9	49	37
Maine	49	28	50	4	40	48
Massachusetts	30	6	24	1	50	13
Vermont	47	16	1	3	47	17
North Carolina	21	37	26	34	17	29
South Carolina	41	42	42	45	33	47
Texas	8	29	23	50	30	34
Virginia	6	24	41	21	27	19

7.3 TACTICS

(Please note: The tactics are not listed in any particular order of importance).

- » Develop a clinically integrated healthcare system that supports all aspects of individual and community health, which includes payment reforms built on evidence-based practices. Such a system will help reduce costs and improve quality and value, thereby leading to reduced health insurance costs for business.
- » Continue to facilitate and support the exchange of health information to support improved quality, patient safety and appropriate resource use.
- » Develop and establish a regulatory framework to allow healthcare providers to collaborate, integrate and engage in collective discussions that will support lower costs, higher quality and better access to care, while preserving protection of the public's interest, similar to state action immunity and critical public interest provisions in law in other states.

- » Encourage and facilitate the transparency and reporting efforts of the NH Insurance Department and NH Department of Health and Human Services to meet the public's need for increased transparency of healthcare cost, price and quality data.
- » Develop and adequately resource a payment reform commission.
- » Adequately reimburse healthcare providers for Medicaid and other publicly supported health care programs and ensure equitable tax treatment of healthcare providers to reduce cost-shifting to the business community. A reduction in cost-shifting will lower the cost of health insurance for business.
- » Educate business leaders about the importance of healthy communities and encourage them to advocate directly with their local legislators about how prevention can help reduce healthcare costs. An engaged business community that understands the importance of prevention will lead to policies that will ultimately create healthier communities and lower the cost of health care and health insurance.
- » Educate business leaders about the value and economic impact of prevention. A business community that understands the value and importance of prevention will lead to policies that will ultimately create healthier communities and lower the cost of health care and health insurance.
- » Facilitate business and community partnerships to support grassroots initiatives that move towards a culture of collaboration and shared responsibility with a goal of improving wellness and increasing prevention. Policies that lead to improved wellness and increased prevention will ultimately create healthier communities and lower the cost of health care and health insurance.
- » Business leaders, legislators and other policy makers work together to advance health-related tactics in this strategic economic plan. Advancing these strategies will lead to policies that will ultimately create healthier communities and lower the cost of health care and health insurance.
- » Create a media campaign and grassroots campaign to improve wellness and prevention. Policies that lead to improved wellness and increased prevention will ultimately create healthier communities and lower the cost of health care and health insurance.
- » Convene statewide focus groups to talk seriously about health issues and work to resolve them. Finding solutions to the state's pressing health issues will ultimately create healthier communities and lower the cost of health care and health insurance.
- » Encourage businesses to develop incentives for employees who choose healthy lifestyles. Healthy employees will ultimately create healthier communities and lower the cost of health care and health insurance.
- » Explore evolving practices nationwide for establishing a healthcare trust or private exchange in New Hampshire for the purpose of providing health insurance directly to employees. Alternative ways of providing health insurance may lead to reduced health insurance costs for business.
- » Enact tort reforms that reduce costs associated with medical malpractice and result in more affordable and available medical malpractice insurance. Reduced medical malpractice costs will ultimately lead to lower health insurance costs for business.
- » Avoid implementing additional healthcare benefit mandates, which drive up the cost of health insurance for businesses.
- » Make adequate and affordable dental care available for all New Hampshire children and adults. High-quality dental care is an important component of overall health and will ultimately create healthier communities and lower the cost of health care and health insurance.

8.0 INFRASTRUCTURE

8.1 GOAL

Safe, reliable, multi-modal transportation; high bandwidth, high-speed communication; and improved water supply, wastewater and storm water systems able to meet the needs of businesses and residents throughout New Hampshire.

Reliable infrastructure is a critical factor to attract and retain businesses and workers. However, building and maintaining infrastructure requires long-term planning and typically comes at high capital costs. Effective planning and implementation require detailed short and long-term population demographic analyses. New Hampshire policy makers typically focus more on the southern part of the state due to the larger population, but there are pressing needs in rural areas such as the North Country and the western part of the state.

8.2 KEY METRICS

Transportation Energy Expenditures as Percentage of Personal Income, 2011 – Transportation sector primary energy expenditures in 2011 divided by total state personal income.⁴¹

Percentage of Bridges Rated “Deficient” or “Obsolete,” 2010 – Percentage of state bridges classified as “structurally deficient,” meaning the bridge’s condition contains at least one significant defect, or “functionally obsolete,” meaning the bridge was built to standards no longer in effect or its design is not suitable for its current use.⁴²

Percentage of Unacceptably Rough Roads, 2009 – Percentage of state road miles classified as unacceptably rough according to grading by the International Roughness Index. Road miles include interstate highways, other principal arterials, rural minor arterials and roads in the National Highway System.⁴³

Percentage of State With Access to Broadband, 2010 – Percentage of state residents with access to broadband speeds of three megabytes per second (mbps) for downloads and 768,000 kilobytes per second (kbps) for uploads.⁴⁴

Water Infrastructure Needs Per Capita, 2013, 2007 and 2008 – Twenty-year capital investment needs (in dollars) for public and community drinking water, wastewater and storm water systems, on a per-capita basis.⁴⁵

⁴¹ U.S. Energy Information Administration; U.S. Bureau of Economic Analysis http://www.eia.gov/state/seds/data.cfm?incfile=/state/seds/sep_sum/html/sum_ex_tra.html&sid=US

⁴² American Society of Civil Engineers; Federal Highway Administration, National Bridge Inventory

⁴³ Federal Highway Administration, Highway Statistics 2009: http://www.bts.gov/publications/state_transportation_statistics/state_transportation_statistics_2011/index.html

⁴⁴ U.S. Census Bureau; Federal Communications Commission

⁴⁵ American Society of Civil Engineers, 2013 Report Card for America’s Infrastructure; Environmental Protection Agency, 2007 Drinking Water Infrastructure Needs Survey and Assessment, and 2008 Clean Watershed Needs Survey

TABLE 8-1
INFRASTRUCTURE STATE INDICATORS

State Indicator	Transportation energy expenditures as percent of personal income	Percent of bridges deficient or obsolete	Portion of unacceptable rough roads	Percent of state with access to broadband speeds of 3mbps for downloads and 768 kbps for uploads.	Water infrastructure needs per capita
New Hampshire	4.7%	31.0	21.7	98.1%	\$1,554.92
Maine	6.6%	32.2	25.4	98.1%	\$1,159.32
Massachusetts	3.5%	49.8	13.7	99.9%	\$2,260.36
Vermont	5.6%	31.7	35.8	93.1%	\$1,072.33
North Carolina	5.6%	27.5	7.1	97.8%	\$1,740.87
South Carolina	7.5%	21.6	13.2	97.3%	\$468.29
Texas	6.8%	17.8	7.4	98.4%	\$1,491.32
Virginia	5.2%	25.4	4.7	96.0%	\$1,624.79

TABLE 8-2
INFRASTRUCTURE RANKINGS

State and U.S. Rank	Transportation energy expenditures as percent of personal income	Percent of bridges deficient or obsolete	Portion of unacceptable rough roads	Percent of state with access to broadband speeds of 3mbps for downloads and 768 kbps for uploads.	Water infrastructure needs per capita	Overall
New Hampshire	8	39	35	20	21	27
Maine	27	42	40	20	12	33
Massachusetts	3	49	25	4	40	35
Vermont	21	41	47	45	10	43
North Carolina	22	34	10	25	28	18
South Carolina	41	18	24	31	2	12
Texas	30	11	12	18	19	10
Virginia	12	30	7	41	24	15

8.3 TACTICS

(Please note: The tactics are not listed in any particular order of importance).

Transportation Infrastructure

- » To keep state roads and bridges in good repair, create a sustainable funding mechanism based upon usage.
- » To focus on improving transportation infrastructure, ensure constitutionally protected highway fund revenue is not used to support non-highway, non-bridge-related programs.
- » To reduce congestion for commuters and businesses, complete the I-93 widening projects between Salem and Manchester and between the I-89 interchange and exit 15 in Concord, and complete the Spaulding Turnpike expansions.
- » To maximize highway revenues, encourage public/private partnerships to improve or replace New Hampshire's aging transportation infrastructure, such as rest areas and toll facilities.

.....
“...conditions on New Hampshire state roads have worsened considerably over the past decade, according to the NH Department of Transportation....While no region of New Hampshire is free of poor roads, the longest stretches of red are found in the more western and southern regions.” (New Hampshire Center Public Policy Studies), Infrastructure, April 2013)
.....

Communications Infrastructure

- » Review current telecommunications studies and adopt the recommendations that show clear economic benefit and cost-effectiveness.
- » Explore offering tax incentives for investment in rural telecommunications infrastructure to eliminate disparities among regions.
- » Pursue federal funding to improve telecommunications infrastructure to maximize dollars invested.
- » Pursue private financial incentives for telecommunications infrastructure improvement to maximize dollars invested.
- » Monitor new developments in wireless and mobile technology and where appropriate encourage the use and proliferation of new cost-effective technologies to attract and retain businesses and workers.

.....
“New Hampshire has the highest rate of household internet access in the country at 86.2 percent....However, access to high-speed broadband internet is slightly less in New Hampshire than in several competitor and neighboring states. (New Hampshire Center for Public Policy Studies, Infrastructure, April 2013)
.....



Water Infrastructure

- » Review current studies, such as “New Hampshire Lives on Water”, published Dec. 2012 by the New Hampshire Water Sustainability Commission, and adopt recommendations that show clear economic benefit and cost-effectiveness.
- » Partner with nonprofits and universities to develop plans for implementing recommendations, which will maximize resources and improve the water infrastructure across the state.
- » Pursue federal funding for water infrastructure improvement to maximize dollars invested.

9.0 NATURAL, CULTURAL AND HISTORIC RESOURCES

9.1 GOAL

New Hampshire values, stewards and enhances its natural, cultural and historic resources, making them available for current and long-term public benefit to foster vibrant communities, engaged citizens and economic vitality.

It is important for New Hampshire to develop and maintain an attractive and sustainable built and natural environment and nurture a thriving cultural environment. Employees want to live in a place that is healthy, offers outdoor and indoor entertainment, and is vibrant and livable. Employers want employees who are healthy and stimulated at work and at home. The theme of vibrant communities strengthening economic vitality comes up in a variety of contexts.

“New Hampshire’s natural and cultural resources are a source of entertainment and a part of the New Hampshire economy. In addition, businesses are also attracted to areas of cultural vitality and a creative group of workers...The ‘creative economy’ is an important force in driving economic growth.” (NH Center for Public Policy Studies, Natural & Cultural Resources, April 2013)

9.2 KEY METRICS

State Spending on Natural Resources Per Person, 2011 – State and local government total direct expenditures on natural resources per capita of state population.⁴⁶ States are ranked from highest to lowest values.

Percent of Tree Cover in Urban Areas, 2012 – Measure of the natural environment on creating cover patterns, which in turn impacts environmental quality and human health in statewide and urban areas.⁴⁷ States are ranked from highest to lowest values.

Domestic Tourism Spending Per Capita, 2009 – Per capita spending in the state and competitor states on domestic overnight trips and day trips of 50 miles or more, one way, away from home and excluding spending by out-of-state visitors.⁴⁸

Creative Economy Jobs Concentration, 2012 – Uses Richard Florida’s definition of the occupational employment sectors, which comprise the “Creative Class” of jobs for 2012.⁴⁹ States are ranked from higher to lower values.

⁴⁶ U.S. Census Bureau

⁴⁷ Tree and impervious cover in the United States, David J. Nowak., Eric J. Greenfield, 2012 Landscape and Urban Planning Journal

⁴⁸ U.S. Travel Association, Washington, DC, Impact of Travel on State Economies, 2009: <http://commerce.idaho.gov/assets/content/docs/Research/Impact%20of%20Travel%20on%20State%20Economies%2009.pdf>

⁴⁹ Creative Class Occupational Categories from “The Rise of the Creative Class”, Richard Florida, 2002, p.328. Occupational Employment data from May 2012 OES Estimates, Occupational Employment Statistics (OES) Survey, Bureau of Labor Statistics, Department of Labor, website: <http://stat.bls.gov/oes/home.htm>

Volunteering Rate, 2011 – Percentage of individuals who responded on the Current Population Survey’s Volunteer Supplement that they had performed unpaid volunteer activities for or through an organization at any point during the 12-month period preceding the survey.⁵⁰ States are ranked from highest to lowest values.

Voter Turnout Rate, 2012 – Percentage of voting-eligible population that cast ballots for highest office in 2012 federal election.⁵¹ This civic engagement measurement can be compared to other states.

TABLE 9-1
NATURAL, CULTURAL AND HISTORIC RESOURCES INDICATORS

State Indicator	State spending on natural resources per capita	Percent of tree cover urban areas	Domestic tourism spending per capita	Creative Economy Jobs Concentration	Volunteering rate	Voter turnout rate
New Hampshire	\$51.36	64.0	\$2,242	1.031	29.4%	70.1%
Maine	\$127.15	54.0	\$1,874	0.963	32.8%	68.1%
Massachusetts	\$52.88	64.5	\$1,880	1.220	25.8%	66.3%
Vermont	\$125.91	53.0	\$2,677	1.064	32.0%	60.4%
North Carolina	\$64.56	48.2	\$1,618	0.960	26.4%	64.6%
South Carolina	\$42.83	47.1	\$1,913	0.875	26.8%	56.6%
Texas	\$36.08	32.0	\$1,690	0.964	24.7%	49.7%
Virginia	\$84.85	34.8	\$2,185	1.123	28.5%	66.4%

TABLE 9-2
NATURAL, CULTURAL AND HISTORIC RESOURCES RANKINGS

State and U.S. Rank	State spending on natural resources per capita	Percent of tree cover urban areas	Domestic tourism spending per capita	Creative Economy Jobs Concentration	Volunteering rate	Voter turnout rate	Overall
New Hampshire	37	3	13	14	19	4	4
Maine	10	4	27	26	12	6	7
Massachusetts	35	2	26	1	34	8	3
Vermont	11	6	6	8	14	22	6
North Carolina	29	10	39	27	32	11	20
South Carolina	42	11	22	40	26	37	38
Texas	47	28	37	24	41	47	47
Virginia	22	20	14	4	21	7	11

⁵⁰ Corporation for National and Community Service, 2011

⁵¹ United States Elections Project, George Washington University: http://elections.gmu.edu/Turnout_2012G.html

9.3 TACTICS

(Please note: The tactics are not listed in any particular order of importance).

- » Appropriately resource the New Hampshire Land and Community Heritage Investment Program (LCHIP), the New Hampshire Division of Travel and Tourism and the New Hampshire Department of Cultural Resources to promote, develop, enhance and preserve New Hampshire's natural, cultural, recreational and historic assets.
- » Compile a master survey to measure the economic impact of New Hampshire's natural, cultural and historic resources.
- » Integrate the arts, culture, history, science, outdoor activities, and other community resources into school curriculums, educator professional development, and state and local community leadership development programs. This will build a continuum of support for these important natural, cultural and historic resources.
- » Recognize locally produced and marketed products and services to keep more dollars circulating in the state.
- » Defend and promote New Hampshire's first-in-the-nation presidential primary as a unique and defining characteristic of an informed and engaged citizenry.

10.0 REGULATORY ENVIRONMENT

10.1 GOAL

New Hampshire's regulations are clear, appropriate and consistently applied, providing the state's businesses with objective, predictable and consistent outcomes while protecting the state's natural resources, workers and residents.

Clear, appropriate and consistent regulations are necessary for businesses to grow and prosper. In New Hampshire, there are numerous regulations and statutes that exceed federal standards, some of which may negatively impact the state's business climate. Businesses with facilities in other states note that, in many respects, New Hampshire's regulatory environment is more burdensome, particularly with regard to labor regulations. Some New Hampshire statutes regulating business are poorly written and considerably out of date, perhaps reflecting a business environment from 40 to 50 years ago. For example, the use of electronic recordkeeping methods and management systems is not recognized in some state regulatory and enforcement practices. In addition, there is a lack of consistency across the various state agencies regarding their approach and outreach to the business community. These are all areas that deserve attention and improvement to keep New Hampshire an attractive state for small and large businesses.

10.2 KEY METRICS

NHCPPS acknowledges the absence of reliable (statistically valid) and repeatable metrics on regulatory climate. A number of the metrics cited above appear to be studies that may or may not be repeated. However, these metrics are a useful context for the proposed regulatory environment goal and tactics. Every three to five years, the state should perhaps revisit and compile new studies that provide comparable nationwide data on the regulatory environment to determine how New Hampshire ranks and evaluate progress toward the goal. A secondary progress measure can be the number of tactical recommendations in this plan that have been adopted or otherwise implemented.

Health Insurance Mandates, 2009 – Measures the extent to which states have mandated a set of health insurance benefits. The actual measure is calculated as the share of a total of 77 potential mandates. The Council for Affordable Health Insurance staff has tracked the health insurance mandates and offers requirements in both the individual and group markets across the states, since 1992.⁵² States are ranked from lower to higher values.

Index of State Liability Systems, 2010 - The U.S. Chamber Institute for Legal Reform conducts a survey to understand perceptions about the states' tort liability systems. States were given a grade (A through F) by respondents for different aspects of the liability system. The mean grade was calculated by converting the letter grade using a 5.0 scale where A = 5.0, B = 4.0, C = 3.0, D = 2.0, and F = 1.0. The score included in this analysis is an index using the grades given on each of the key elements plus the overall performance grade. To create the index, each grade across the elements was rescaled from 0 to 100 (A = 100, B = 75, C = 50, D = 25, and F = 0).⁵³ States are ranked from lower to higher values.

⁵² The report documenting this work can be found here: <http://cdm16064.contentdm.oclc.org/cdm/singleitem/collection/p266901coll4/id/3761/rec/13>.

⁵³ The methodology behind this work and the data itself can be found here: <http://www.instituteforlegalreform.com/states#/2010>

CEO Grades for Taxation and Regulation, 2013 – Every year, Chief Executive Magazine readers rank the states according to the best and worst in which to do business. Approximately 700 business leaders responded when asked to grade states on a variety of competitive metrics including: 1) taxation and regulation; 2) quality of workforce; and 3) living environment. The tax and regulatory grade includes a measure of how CEOs grade a state’s attitude toward business, a key indicator.⁵⁴ States are ranked from lower to higher values.

Land Use Restriction, 2008 – Restrictive zoning regulations can increase land and construction costs, raising housing prices and making housing less affordable. A study from the Wharton School revealed that New England has one of the most stringent local regulatory environments for housing. New Hampshire has the fourth most restrictive land-use regulatory environment, behind Hawaii, Rhode Island and Massachusetts. State ranking data for this indicator comes from the Wharton Residential Land Use Regulatory Index.⁵⁵ States are ranked from lower to higher values.

Pollution Abatement / \$ Value Added, 2005 – Measures the environmental costs to businesses as a portion of value added.⁵⁶ The data come from a 2008 report based on a 2005 pollution abatement costs and expenditures survey conducted by the U.S. Census Bureau under a joint partnership agreement with the U.S. Environmental Protection Agency (EPA).⁵⁷ States are ranked from lower to higher values.

TABLE 10-1
REGULATORY ENVIRONMENT INDICATORS

State Indicator	Percent of Mandated Health Benefits	Index of State Liability Systems	CEO grades for State Taxation and Regulation	Land Use Restriction	Pollution Abatement / \$ Value Added
New Hampshire	26.6%	64	6.68	1.37	\$1.58
Maine	36.7%	65	3.14	0.64	\$5.93
Massachusetts	38.0%	66	2.65	1.52	\$2.49
Vermont	21.5%	62	2.53	0.33	\$3.13
North Carolina	31.6%	64	7.08	-0.33	\$4.09
South Carolina	21.5%	55	7.54	-0.75	\$6.68
Texas	39.2%	56	8.72	-0.45	\$5.67
Virginia	40.5%	68	7.11	-0.20	\$4.38

⁵⁴ <http://chiefexecutive.net/states-more-aggressive-in-competing-with-one-another-2013#sthash.fwjRtb0a.dpuf>

⁵⁵ A New Measure of the Local Regulatory Environment for Housing Markets: The Wharton Residential Land Use Regulatory Index, <http://realestate.wharton.upenn.edu/research/papers.php?paper=558>. “The Wharton Residential Land Use Regulatory Index” was developed from responses to a nationwide survey of residential land use regulation in over 2,600 communities across the U.S. The survey develops a series of indexes that capture the stringency of local regulatory environments, measuring the degree of control over the residential land use environment. Joseph Gyourko, Albert Saiz, and Anita Summers (2008), “A New Measure of the Local Regulatory Environment for Housing Markets: The Wharton Residential Land Use Regulatory Index,” *Urban Studies* 45 (3): 693-729.

⁵⁶ The value added of an industry, also referred to as gross domestic product (GDP)-by-industry, is the contribution of a private industry or government sector to overall GDP. The components of value added consist of compensation of employees, taxes on production and imports less subsidies, and gross operating surplus. Value added equals the difference between an industry’s gross output (consisting of sales or receipts and other operating income, commodity taxes, and inventory change) and the cost of its intermediate inputs (including energy, raw materials, semi-finished goods, and services that are purchased from all sources). - See more at: http://www.bea.gov/faq/index.cfm?faq_id=184

⁵⁷ <http://www.census.gov/prod/2008pubs/ma200-05.pdf>

TABLE 10-2
REGULATORY ENVIRONMENT RANKINGS

State and U.S. Rank	Percent of Mandated Health Benefits	Index of State Liability Systems	CEO grades for State Taxation and Regulation	Land Use Restriction	Pollution Abatement / \$ Value Added	Overall
New Hampshire	20	16	22	47	3	22
Maine	35	12	41	43	44	42
Massachusetts	38	9	44	48	10	41
Vermont	12	25	45	35	14	31
North Carolina	29	17	18	23	30	14
South Carolina	12	39	10	12	47	17
Texas	40	36	2	19	42	28
Virginia	42	6	17	25	37	20

10.3 TACTICS

(Please note: The tactics are not listed in any particular order of importance).

- » Explore state agency certification of outside consultants and offer incentives for businesses to contract with these consultants, which could reduce inspection costs and increase compliance with state statutes and regulations.
- » Increase transparency of the state regulatory environment through improved communication to and education of businesses about regulatory programs and requirements.
- » Review the state’s rulemaking process and recommend ways to streamline regulations, reduce duplication, limit agency overlap and provide greater opportunity for public input. Areas or tasks to consider:
 - » establish citizen advisory councils to review proposed regulations;
 - » review Joint Legislative Committee on Administrative Rules (JLCAR) process and committee authority;
 - » create a standard questionnaire for agencies to complete before sending rules to JLCAR for review, which would seek to ensure regulatory necessity, avoid duplication and reduce agency enforcement overlap; and
 - » consistent public outreach regarding proposed rules from all state agencies.
- » Review all state regulations and statutes that affect the business community:
 - » survey New Hampshire’s business community to identify the most critical issues they have with New Hampshire’s regulatory environment;
 - » identify and remove redundant and outdated requirements;
 - » identify requirements unique to New Hampshire that exceed federal requirements or those in competitor states;
 - » affirm that any New Hampshire-specific requirements are needed and, if not, eliminate or streamline them;
 - » update statutes and rules to reflect current practices and technologies; and
 - » simplify complex regulations when practical.

- » Improve communications about rulemaking public hearings. Frequently, businesses are unaware of significant regulatory changes until after their adoption. Early communication and outreach can result in better regulation, increased compliance and less litigation.
- » Improve outreach and education to the business community to promote best practices, improve compliance and reduce the costs of enforcement. Improving compliance through education and early outreach, particularly for small and micro businesses, reduces the potential for violations and results in a less costly, business friendly regulatory environment.
- » Reduce “personality-driven” enforcement practices through better training and oversight of state regulatory staff performance to improve consistency.
- » Explore the merits of a “business leadership” program to provide incentives for businesses that voluntarily exceed state regulations. These businesses would be rewarded for their efforts with a reduced regulatory burden, including:
 - » letters of warning and grace periods to address identified compliance issues;
 - » reduced fines and penalties for quick correction of compliance issues; and
 - » fast-tracking of permitting applications.
- » Improve communications to New Hampshire businesses regarding regulatory training seminars and promote the benefits of attending to improve compliance and reduce business costs associated with enforcement actions.
- » Change state agency funding sources. Relying on fines and penalties to fund state agency operations motivates officials to enforce rather than educate.
- » Encourage agencies with overlapping areas of responsibility and authority to reduce redundant and contradictory rules and enforcement.
- » Extend the lean processes currently in progress in some state agencies all the way through the value stream to simplify and accelerate regulatory processes affecting New Hampshire businesses.

11.0 WORKFORCE HOUSING

11.1 GOAL

New Hampshire's workforce has access to diverse, attractive housing options that are affordable to the full range of incomes for working men and women throughout the state.

The availability of affordable homes and rental housing within a reasonable commuting distance to the workplace directly impacts business growth. Communities that enact barriers to workforce housing and the development of higher-density housing create a negative environment for economic growth. Employee recruitment and hiring will be more difficult if potential employees are unable to find affordable housing within a reasonable distance from the workplace. New Hampshire's future workforce will continue to move elsewhere for jobs if low-to-moderate-income housing options in New Hampshire are not available. Although this section focuses on housing needs for New Hampshire's workforce, it is not meant to minimize the housing needs of the disabled or elderly populations of the state.

11.2 KEY METRICS

Ratio of Median Housing Price to Median Income, 2010 – Measure of affordable housing by state. A lower ratio of housing price to income means that housing is more affordable in that region. The data come from the U.S. Census Bureau's 2010 American Community Survey One-Year Estimates.⁵⁸

Homeownership Rates, 2010 – Measures the rate of home ownership in each state, an indirect measure of housing's impact on the economy, including household tax benefits and equity. The data are provided by the U.S. Census Bureau, which monitors housing tenure statistics by state in its "Housing Vacancies and Home Ownership" publication.⁵⁹

Owner Costs More Than 30% of Income, 2009 – Percentage of the population for which the costs of home ownership exceed 30 percent of income. This is another measure of the magnitude of housing's financial burden. The data come from the U.S. Census Bureau.⁶⁰

Rent More Than 30% of Income, 2009 – Percentage of the population for which the costs of renting exceed 30 percent of income. This is another measure of the magnitude of housing's financial burden, particularly for lower income people who are often renters. The data come from the U.S. Census Bureau.⁶¹

⁵⁸ S2506: Financial Characteristics For Housing Units With A Mortgage, www.census.gov

⁵⁹ <http://www.census.gov/hhes/www/hvs.html>

⁶⁰ 009 American Community Survey B25075. Value for Owner-Occupied Housing Units; B25077. Median Value for Owner-Occupied Housing Units; B25088. Median Selected Monthly Owner Costs by Mortgage Status; B25091. Mortgage Status by Selected Monthly Owner Cost as a Percentage of Household Income. The data can be found here: <http://factfinder2.census.gov/>

⁶¹ Gross rent as a percent of household income in the past 12 months measures the housing cost burden for renters. The source is U.S. Census Bureau, 2009 American Community Survey B25063. Gross Rent; B25064. Median Gross Rent; B25070. Gross Rent as a Percentage of Household Income The data can be found here: <http://factfinder2.census.gov/>

TABLE 11-1
WORKFORCE HOUSING INDICATORS

State Indicator	Ratio Median Housing Price to Median Income	Homeownership rates	Owner costs more than 30% of Income	Rent more than 30% of income
New Hampshire	2.9	74.9	41.1	45.8
Maine	2.9	73.8	36.3	46.5
Massachusetts	3.6	65.3	40.0	46.3
Vermont	3.2	73.6	38.1	47.2
North Carolina	2.6	69.5	32.3	45.6
South Carolina	2.4	74.8	32.1	44.9
Texas	1.9	65.3	31.2	45.5
Virginia	3.1	68.7	36.0	45.6

TABLE 11-2
WORKFORCE HOUSING INDICATOR RANKINGS

State and U.S. Rank	Ratio Median Housing Price to Median Income	Homeownership rates	Owner costs more than 30% of Income	Rent more than 30% of income	Overall
New Hampshire	34	2	43	28	31
Maine	33	7	32	31	29
Massachusetts	46	43	38	30	41
Vermont	43	8	35	34	32
North Carolina	24	26	18	25	25
South Carolina	19	3	17	20	15
Texas	2	43	16	23	21
Virginia	37	31	31	26	35

11.3 TACTICS

(Please note: The tactics are not listed in any particular order of importance).

- » Preserve New Hampshire's existing workforce housing laws, which have led to more workforce housing development.
- » To evaluate proposed regulatory and policy changes and encourage workforce housing development, collect relevant and current workforce housing data through:
 - » updated New Hampshire Housing Finance Authority (NHHFA) employer surveys;
 - » regional housing stock surveys, such as regional planning commission housing needs assessments, with analysis of affordability and targeted areas for workforce housing development;
 - » evaluation of state and local regulatory barriers to higher-density development;

- » NHHFA employer surveys of employer-assisted housing; and
- » NHHFA housing preference surveys.
- » Convene and facilitate partnerships among citizen planners, regional workforce housing coalitions, the regional planning commissions, legislators and employers. Such partnerships will help improve existing workforce housing laws to ensure adequate available housing in or near employment centers of the state.
- » To encourage supportive policy and regulatory change and development of more workforce housing in the state, actively engage businesses in housing issues by:
 - » educating employers about the importance of workforce housing;
 - » encouraging employers to evaluate compensation offered verses cost of living within commuting distance of their workplaces;
 - » asking employers to advocate for workforce housing friendly policy and regulations; and
 - » asking businesses to contribute to regional workforce housing incentives.
- » Reduce barriers to the development of workforce housing in New Hampshire by:
 - » revising building codes to simplify conversion to multi-unit workforce housing;
 - » educating legislators, members of planning boards and zoning boards of adjustment, and master planners about the value of workforce housing to economic development and the adverse economic impact of lower housing density;
 - » encouraging regular reference to master plans when making local permitting decisions relative to workforce housing;
 - » revitalizing the former Office of State Planning function that:
 - » tracks workforce housing friendly ordinances and educates local officials about these ordinances;
 - » urges adoption of model ordinances that support workforce housing; and
 - » includes workforce housing issues in the Office of Energy and Planning annual planning conference.

12.0 CONCLUSION

As noted at the beginning of this plan, New Hampshire business leaders are uneasy about the direction of the state. They are concerned that, economically, the good things we enjoy seem to happen by chance rather than through thoughtful, intentional decision making. Business leaders believe that, absent a well-thought-out, strategic economic plan, New Hampshire's economic assets are threatened and its economic vulnerabilities are further exposed. The vision, goals, tactics and metrics articulated in this strategic economic plan represent our response to these concerns.

This strategic economic plan is the product of months of research, input and analysis from many interested stakeholders and experts in a variety of policy areas. It outlines a path forward to ensure the state's long-term economic growth and prosperity. We hope elected officials, public policy leaders, nonprofit leaders and business leaders will commit to achieving this exciting vision and these critical goals for the benefit of New Hampshire.

13.0 APPENDICES

13.1 ACKNOWLEDGEMENTS

The BIA thanks the board oversight committee for its time and input into developing the strategic economic plan:

Donald Baldini	Lisa Guertin	Tim Scullin
Joseph Carelli	Edward MacKay	Timothy Sink
Nancy Clark	John Morison	Thomas Sullivan
Bradford Cook	Joseph Murray	Steven Webb
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Linda Fanaras, chair, Business, Growth, Retention and Attraction
Bradford Cook, chair, Education, Workforce Skills and Labor Pool
Michael Donahue, chair, Energy
Richard Samuels, chair, Fiscal Policy
Nancy Clark, chair, Health Care
Bryan Granger, chair, Infrastructure
Timothy Sink, chair, Natural, Cultural and Historic Resources
Dennis Sasseville, chair Regulatory Environment
Joe Carelli, chair, Workforce Housing

The BIA thanks the board of directors for its support and willingness to undertake this endeavor:

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Tim Dining, president, Greenerd Press and Machine

Michael Donahue, principal engineer, Aries Engineering

Scott Ellison, partner, Cook Little Rosenblatt and Manson

Linda Fanaras, president, Millennium Integrated Marketing

Suzanne Foster, vice president and general manager, Medtronic Advanced Energy

Bryan Granger, VP of compliance, C&S Wholesale Grocers Inc.

Lisa Guertin, president and general manager, Anthem Blue Cross and Blue Shield in NH

Pamela Hall, president, Normandeau Associates

Randall Labnon, general manager, Town and Country Inn and Resort

Stephen LeBlanc, executive vice president, Dartmouth-Hitchcock Health

Sharron McCarthy, president/publisher, McLean Communications

Guy Montminy, vice president of finance, BAE Systems

Joseph Murray, senior director of public affairs, Fidelity Investments

John Olson, president, Whelen Engineering Inc.

Teresa Rosenberger, president, Devine Strategies

Richard Samuels, managing director, McLane Graf Raulerson and Middleton

Tim Scullin, chief financial officer, Sig Sauer Inc.

Timothy Sink, president, Greater Concord Chamber of Commerce

Tom Sullivan, VP of Newport operations, Sturm Ruger and Company Inc.

Alex Walker, general counsel, Catholic Medical Center

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13.2 LIST OF PARTICIPANTS

The BIA board of directors gives thanks and appreciation to the following stakeholders who spent many hours giving advice and counsel in developing the strategic economic plan. Many individuals also contributed references, thoughts and philosophy via email and/or phone calls, all contributing to the formation of the plan. The board recognizes that each individual gave of his/her own input and were not necessarily representing any specific organization. In adopting the plan in its entirety, the board notes that not all participants agreed with each tactic presented and may have voted against or abstained from voting for specific tactic presented and may have voted against, abstained from voting or not been present when voting for specific tactics.

Gary Abbott	David Canedy	Amy Dixon
Will Abbott	Patricia Carrier	Sharon Drake
Karen Aframe	Cindy Carroll	Michelline Dufort
Steve Ahnen	Sandra Cassetta	William Duncan
Scott Albert	Sarah Chaffee	William Dunlap
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Erika Argersinger	William Chapman	Timothy Egan
Will Arvelo	Nancy Clark	Andrew Eills
Deb Avery	Kelly Clark	Scott Ellison
Bob Baines	Veronica Collins	Kate Epsen
Donald Baldini	Cathy Conway	Jill Farrell
Richard Ball	Matt Cookson	Jeff Feingold
Steve Barba	Glenn Coppelman	Ellen Fineberg
MaryLou Beaver	Christophe Courchesne	Arthur Fitzgerald
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Cindy Boyd	John DeJoie	Mary Stuart Gile
Kendall Buck	Kathy DesRoches	Jennifer Goodman
Judith Burrows	Timothy Dining	Joan Goshgarian

Michelle Gray
Jack Grube
Meena Gyawali
Debra Hale
John Hamilton
Michelle Hamm
Bobbie Hantz
Rebecca Harris
Brian Hawkins
Donald Hill
Bill Hoeker
Marilyn Hoffman
Tom Horgan
Andrew Hosmer
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Stephen Lawrence
Matt Leahy
Janine Lesser
Dennis Logue
Christine Long
Claire Lund
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Ed MacKay
Mark MacKenzie
Larry Major
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Jeff Mathis
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Fran Meffen
Leslie Melby
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Clay Mitchell
Guy Montminy
Barry Needleman
Joshua Nehiley
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Dick Ober
Jim O'Brien
Jim O'Donnell
Linda Saunders Paquette
Jennifer Parent
Cyndi Paulin
Jonathan Peress
Kate Peters
Kevin Peterson
Janet Phelps
Anne Phillips
Michael Power
Thomas Prieto
Phil Przybyszewski
George Reagan
Laurel Redden
Shannon Reid
Steven Rowe
Jeanne Ryer
Barbara Salvatore
Ellen Scarponi
Deborah Schachter
Tim Scullin
Elizabeth Sherburne
Tim Sink
Cliff Sinnott
Susan Smith
Judy Stadtman
Lynn Stanley
Mica Stark
Sara Jayne Steen
Charla Stevens
Richard Swett
Edmund Sylvia
Malcolm Taylor
Michael Tentnowski

Roxanne Touchette
Robert Tourigny
Dorothy Tripp Taylor
Gayle Troy
Chip Underhill
Mary Usovicz
Michael Van-Uden
Deborah Watrous
Steven Webb
David Weber
Rob Werner
Lauren Wool
David Worthen
Kimon Zachos
Val Zanchuk

13.3 MEETING SUMMARIES

www.BIAofNH.com/strategic

13.4 NHCPPS BRIEFING DOCUMENTS

- 1. New Hampshire's Economic Climate: Key Indicators, NHCPPS, October 2013** –<http://www.nhpolicy.org/report/new-hampshireamp39s-economic-climate-key-indicators>
- 2. University of New Hampshire, Carsey Institute, "NH's Civic Health Index," 2012**, <http://carseyinstitute.unh.edu/publication/735>.
- 3. NHCPPS, "Silver Tsunami,"** <http://www.nhpolicy.org/report.php?report=298>. New Hampshire's aging population will play a major role in shaping healthcare spending in the coming decades. By the year 2020, the state's shift towards an older population will reach a peak and by 2030, nearly half a million Granite Staters will be over the age of 65, a so-called "silver tsunami," representing almost one-third of the population.
- 4. NHCPPS, "Smart Manufacturing and High Technology: New Hampshire's Leading Economic Sector", 2012**, <http://www.nhpolicy.org/reports/smrmtmfgfinal.pdf>. The smart manufacturing and high technology (SMHT) sector, which includes all of New Hampshire's approximately 2,100 manufacturing companies and more than 1,600 high technology companies, is the engine of the state's economy. Look beyond the reports of lost manufacturing jobs and you find an industrial sector that is a still-powerful engine of economic growth in New Hampshire.
- 5. NHCPPS, "Tailwinds to Headwinds," 2012**, <http://www.nhpolicy.org/report.php?report=322>. In this analysis, we document long-term trends in various dimensions of New Hampshire's economy and outline some possible goals for the state's future economic development. Our conclusion: the model that has defined the state's economy since the 1980s – consistent population growth, increased productivity and a more resilient economy than our competitors – no longer holds. After benefiting from nearly three decades of economic tailwinds, New Hampshire now faces a strong headwind: net out-migration, an aging population and decreased labor productivity.
- 6. Gawande, Atul, "The Hot Spotters: Can we lower medical costs by giving the neediest patients better care?,"** January 24, 2011 http://www.newyorker.com/reporting/2011/01/24/110124fa_fact_gawande. Analysis of regional/city cost drivers in the medical system in Camden, New Jersey.
- 7. NHCPPS, "What is New Hampshire?," 2012 Edition**, <http://www.nhpolicy.org/report.php?report=321>. "What is New Hampshire?" is the center's annual compilation of graphs, data and analysis on the people, strengths and challenges of the state. New Hampshire has emerged from the Great Recession in a relatively strong position. Yet the state also faces significant challenges in the coming years, related not only to the transformations wrought by the economic downturn, but also to shifting trends in our long-term demographics. In short, New Hampshire is a state in flux and describing it remains a complicated task. While the implications of the changes now underway are still unclear, they do raise critical policy questions. This report attempts to explore some of them.

13.5 CONSULTANTS

The New Hampshire-based consultants that assisted in the development of the strategic economic plan included:

- » Cotton Cleveland,* Mather Associates, LLC, www.matherassociates.com
- » John Gilbert, Synchrony Advisors, LLC, www.synchronyadvisors.com
- » New Hampshire Center for Public Policy Studies,** www.nhpolicy.org:
 - » Stephen Norton, executive director
 - » Daniel Barrick, deputy director
 - » Dennis Delay, economist

*Because Ms. Cleveland serves on the board of directors of Northeast Utilities, which is the parent company of Public Service of New Hampshire (PSNH), she recused herself from all involvement in discussions of the energy goal, metrics and tactics.

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13.6 LIST OF POSSIBLE PARTNERS

- » Chambers of commerce
- » Commercial banks
- » Conservation Law Foundation
- » Divisions of Historical Resources, Libraries, the Arts
- » Endowment for Health
- » Film/television office
- » Granite Fund
- » Granite State Taxpayers Association
- » House and Senate budget committee chairs
- » Housing caucuses in NH Legislature
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- » Leadership New Hampshire
- » Merchant power generators
- » Mortgage lenders and banks
- » Mount Washington Valley Economic Council and other similar economic development councils
- » New England Power Generators Association
- » NH Association of Realtors
- » NH Business Finance Authority
- » NH Center for Public Policy Studies
- » NH Charitable Foundation
- » NH Community Development Finance Authority

- » NH Community Loan Fund
- » NH Consumer Advocate
- » NH Department of Cultural Resources
- » NH Department of Environmental Services
- » NH Department of Health and Human Services
- » NH Department of Labor
- » NH Department of Resource and Economic Development
- » NH Department of Revenue Administration
- » NH Department of State
- » NH Department of Transportation
- » NH Division of Parks and Recreation
- » NH Division of Travel and Tourism
- » NH Fiscal Policy Institute
- » NH Historical Society
- » NH Housing Finance Authority
- » NH Humanities Council
- » NH Land and Community Heritage Investment Program (LCHIP)
- » NH Legal Assistance
- » NH Lodging and Restaurant Association
- » NH Municipal Association
- » NH Office of Energy and Planning
- » NH Preservation Society
- » NH Property Owners Association
- » NH Public Utilities Commission
- » NH Safety Council
- » NH Stay Work Play
- » NH Society of Certified Public Accountants
- » NH Society for Human Resource Management
- » Organized labor
- » Plan NH
- » Regional development corporations
- » Renewable energy developers
- » Society for the Protection of New Hampshire Forests
- » State incubators
- » UNH Cooperative Extension
- » University System of NH and other higher education institutions
- » Utilities
- » Wentworth Development Corporation
- » Workforce housing coalitions
- » Young professionals associations and groups